

DEFENSE MANPOWER COMMISSION

1111 18TH STREET, N.W.

WASHINGTON, DC 20036

March 25, 1975

EXECUTIVE DIRECTOR

LTG Vernon A. Walters, USA
Deputy Director
Central Intelligence Agency
Washington, D. C. 20505

Dear Dick:

Following up our recent phone conversation, I would like to confirm the Defense Manpower Commission's request for a briefing/discussion with respect to the armed forces of other nations at the Agency headquarters at 2:00 p.m., Thursday, May 9, 1975.

First, some background information about the Commission:

- The Commission was established pursuant to Title VII, PL 93-155, DOD Appropriations Authorization Act of 1974, dated November 16, 1973. The intent of the Congress is that the Commission act as a bipartisan and independent body. Thus, the Law provides for the appointment of seven Commissioners - three by the President and four by the Congress (Majority and Minority Leaders of the Senate and the House). The Commission was sworn in on April 19, 1974. Its final report to the President and to the Congress is due two years later in April 1976. Dr. Curtis W. Tarr is the Chairman; membership is shown at Enclosure 1.

- At Enclosure 2 is a copy of the pertinent Law. You will note from Sec. 702, Duties of the Commission, that the statutory charge is very broad and comprehensive, covering the whole life cycle of defense manpower and embracing the ten-year period, 1975-85. Our approach is a Total Force one; i.e., active military, reserve components, civilian and private contractors working for DOD. We have only a small professional staff (18 people) and must therefore rely heavily on outside help. Sec. 703 is our authority to request information, etc., from any department or agency.

Our request stems primarily from subparagraph (4), Sec. 702, which states, "(4) The cost-effectiveness and manpower utilization of the United States Armed Forces as compared with the armed forces of other countries;"

-2-

Our request also relates to subparagraph (1), Sec. 702, which states in part, "(1) The effectiveness with which . . . personnel are utilized, particularly . . . in the number of support forces in relation to combat forces;". The legislative history of the Law brings out some of the concern of the Congress in the above areas. Two quotes from Senators speaking on the floor of the Senate on September 19, 1973 during the debate on the Act are illustrative:

"Admittedly, we cannot effectively compare the American military establishment to any other in the world in terms of global commitments and available technology; for despite the existence of a rough parity with the Soviet Union, our forces and weapons differ greatly. However, I cannot help but observe that some of the more efficient and capable militaries in the world, the Israeli, British and West German armed forces, all have command (grade) structures which differ significantly from the United States in that a great deal more responsibility is borne by younger, lower-grade officers or trained, upper-grade enlisted men. . . . it would be worth our while to examine some of these structures before our manpower costs increase further."

". . . The defense budget today has about 56% of its cost going directly into personnel . . . Take a look at another nation, Russia. The best estimates we can get are that they are spending closer to 30% in that regard."

For your information, DIA has agreed to brief us in April on the numerical strengths and manpower systems (procurement of personnel, quality of personnel, reserves, mobilization, compensation and the like) of the armed forces of selected countries and how well each system is working in terms of producing an effective force. Right now, DIA is considering the UK, Canada, France, FRG, Switzerland, Japan and the USSR. DIA will also try to make a "teeth-to-tail" ratio comparison of US and USSR armed forces. In this connection, we have already had an excellent briefing by ACSI-DCSOPS of DA on a similar comparison, but limited to US and USSR/Warsaw Pact ground forces in the Central Region of NATO.

What we would hope, therefore, to get from your outstanding experts in the Agency would be an overall assessment of how effectively the USSR utilizes manpower in its defense establishment, to include, hopefully, an estimate of what percent of the Soviet budget is devoted to manpower costs. It would also be very helpful if your people could give us their views on the "teeth-to-tail" ratio within the Soviet armed forces. Admittedly, these are difficult and complex tasks and in many ways, it's like comparing apples to oranges, but your experts nevertheless are the best in the business and we would appreciate their thoughts.

-3-

As we have discussed before, it would be particularly beneficial if you could lead off the session with a brief overview on such matters as the implications of detente and your own personal observations on the effectiveness of various foreign armed forces. Dr. Tarr and other Commissioners plan to attend, and I will be there, too, with some of our staff. In any event, we very much look forward to this visit.

Our staff point of contact is Mr. John Sitterson, our Requirements Functional Area Team Chief, telephone 254-7800.


Many thanks, Dick. All the best.

Warm regards,



Bruce Palmer, Jr.
General, USA (Ret.)

ILLEGIB



2 Enclosures

DEFENSE MANPOWER COMMISSION

Dr. Curtis W. Tarr, Chairman
Deere & Co., Moline, Illinois

Mr. Karl R. Bendetsen, Vice Chairman
Washington, D. C.

Mr. Britton L. Gordon
Grand Rapids, Michigan

Mr. Arthur E. Haley
Jordon Marsh Co., Boston, Massachusetts

RADM (US Navy-Ret) Lester E. Hubbell
Bethesda, Maryland

Mr. Hastings Keith
Brockton, Massachusetts

Dr. Norma M. Loeser
The George Washington University

Dates:	16 November 1973	DMC established by PL 93-155
	19 April 1974	DMC sworn in
	19 April 1976	Final DMC Report due

Enclosure 1

Approved For Release 2003/09/29 : CIA-RDP80R01731R001900030027-4

TITLE VII—STUDY COMMISSION

DEFENSE MANPOWER COMMISSION

Sec. 701. (a) There is hereby established a commission to be known as the Defense Manpower Commission (hereinafter in this title referred to as the "Commission").

(b) The Commission shall be composed of seven members appointed as follows:

(1) One member to be appointed by the majority leader of the Senate;

(2) One member to be appointed by the minority leader of the Senate;

(3) One member to be appointed by the majority leader of the House of Representatives;

(4) One member to be appointed by the minority leader of the House of Representatives; and

(5) Three members to be appointed by the President.

No person may be appointed to the Commission who is a civilian officer or employee of the Federal Government; and no person may be appointed who is serving on active duty with the Armed Forces of the United States.

(c) The Commission shall elect a Chairman and Vice Chairman from among its members.

(d) Four members of the Commission shall constitute a quorum. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

DUTIES OF THE COMMISSION

Sec. 702. It shall be the duty of the Commission to conduct a comprehensive study and investigation of the overall manpower requirements of the Department of Defense on both a short-term and long-term basis with a view to determining what the manpower requirements are currently and will likely be over the next ten years, and how manpower can be more effectively utilized in the Department of Defense. In carrying out such study and investigation the Commission shall give special consideration to—

(1) the effectiveness with which civilian and active duty personnel are utilized, particularly in headquarters staffing and in the number of support forces in relation to combat forces;

(2) whether the pay structure, including fringe benefits, is adequate and equitable at all levels;

(3) the distribution of grades within each armed force and the requirements for advancement in grade;

(4) the cost-effectiveness and manpower utilization of the United States Armed Forces as compared with the armed forces of other countries;

(5) whether the military retirement system is consistent with overall Department of Defense requirements and is comparable to civilian retirement plans;

(6) the methods and techniques used to attract and recruit personnel for the armed forces, and whether such methods and techniques might be improved or new and more effective ones utilized;

(7) the implications for the ability of the armed forces to fulfill their mission as a result of the change in the socio-economic composition of military enlistees since the enactment of new recruiting policies provided for in Public Law 92-129 and the implications for national policies of this change in the composition of the armed forces; and

(8) such other matters related to manpower as the Commission deems pertinent to the study and investigation authorized by this title.

POWERS OF THE COMMISSION

Sec. 703. (a) The Commission or, on the authorization of the Commission, any subcommittee or member thereof may, for the purpose of carrying out the provisions of this title, hold such hearings and sit and act at such times and places as the Commission or such subcommittee or member may deem advisable.

(b) The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purposes of this title. Each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

(c) The Commission shall establish appropriate measures to insure the safeguarding of all classified information submitted to or inspected by it in carrying out its duties under this title.

COMPENSATION OF THE COMMISSION

Sec. 704. Each member of the Commission shall receive an amount equal to the daily rate paid a GS-18 under the General Schedule contained in section 5332 of title 5, United States Code (including travel time), during which he is engaged in the actual performance of his duties as a member of the Commission. Members of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

STAFF OF THE COMMISSION

Sec. 705. (a) The Commission shall appoint an Executive Director and such other personnel as it deems advisable without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall fix the compensation of such personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General

Manpower
requirements,
study and
investigation.

Estate
relationship.

Membership.

Restriction.

5 USC
note.

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85 Stat.
468.

5 USC 101
et seq.
5 USC 5101.
5 USC 5331.

Pub. Law 93-155

- 6 -

November 16, 1973

5 USC 5332
note.Contract
autho. by
note.Reports to
Congress and
President.Termination
date.

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Schedule pay rates; but personnel so appointed may not receive compensation in excess of the rate authorized for GS-18 by section 5332 of such title 5.

(b) The Commission is authorized to procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates not to exceed the daily rate paid a person occupying a position at GS-18.

(c) The Commission is authorized to enter into contracts with public agencies, private firms, institutions, and individuals for the conduct of research and surveys, the preparation of reports, and other activities necessary to the discharge of its duties.

ADMINISTRATIVE SERVICES

Sec. 706. The Administrator of the General Services Administration shall provide administrative services for the Commission on a reimbursable basis.

REPORTS OF THE COMMISSION

Sec. 707. (a) The Commission shall, from time to time, submit interim reports to the Congress and to the President regarding its duties under this title, and shall include in any such reports its findings together with such recommendations for administrative or legislative action as the Commission considers advisable.

(b) The Commission shall submit its final report to the Congress and to the President not more than twenty-four months after the appointment of the Commission. Such report shall include all interim reports and the final findings and recommendations of the Commission.

(c) The Commission shall cease to exist sixty days after the submission of its final report.

AUTHORIZATION FOR APPROPRIATIONS

Sec. 708. There are authorized to be appropriated to the Commission a sum not to exceed \$2,500,000 to carry out the provisions of this title.

ATTENDEES FOR DEFENSE MANPOWER COMMISSION MEETING - Friday, 9 May 1975

*(Received 8 May)
me*

Private Cars:

✓ * Mr. Karl Bendettson (Vice Chairman)
Tudor Station Wagon
DC-116595

Mr. Reginald Brown
Dodge Dart - Tan
MD CYF-476

✓ Admiral Lester Hubbell
Chev., Blue
MD ACH-176

***Mr. Albert Shanefelter
Dodge Duster - Blue
MD DAG-180

✓ Dr. Norma Loeser
Pontiac - Beige
VA DFM-919

Government Car

✓ Dr. Curtiss Tarr (Chrmn of Comm.)
Brett Gordon
Mr. Arthur Halley

Mr. Paul Keenan
Chev. Comaro - Red
VA DMW-813

Accompanied by:
*General Bruce Palmer, Jr. (Ex.Dir)

** George Sitterson
Cadillac Convertible
(White top)
VA DRB-701

**Mr. Marvin Gordon
Mr. Norbert Kaus

***Mr. Thomas Bolle

Mr. Hugh Walton
Pontiac Gold
VA BEK 741

NOTE:

Mrs. Cecile Landum also attending;
either accompanying Mr. Pittman
or to be dropped off. *by GEN BENDOTT*

Mr. Raymond Pittman
Comet - Blue
VA DBA-685

Mr. James Jordan
Chev. Vega - Blue
MD DJW 410

Dr. Karl Grant
Olds Toronado - Blue
VA BLF-235

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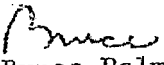
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2 Enclosures

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Mr. Hastings Keith
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The George Washington University

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Enclosure 1

25X1

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8 May 1975

General Walters:

STAT Attached are the papers from which of the Office of Strategic Research, will brief the Defense Manpower Commission on 9 May at 1400 hours.

You may recall that General Palmer asked you to lead off the discussion with "an overview of such matters as the implications of detente and your personal observations on the effectiveness of various armed forces."

An estimate of the schedule is as follows:

STAT 1400 - General Walters introduction.
1420 - Talk by
1445 - Distribution of tables as a prelude to general discussion.
1600 - Conclusion.

It is anticipated that the presentation and discussion will stimulate follow-on contacts when the Commissioners' interests and areas of concern are pinpointed.



BACKGROUND READING

STAT

US and Soviet Defense Manpower

--The subject for discussion this morning--defense manpower practices in the US and the USSR--is a broad one--far too broad for us to cover more than a few of its aspects in a single meeting.

--I will start by comparing the magnitudes of the defense manpower efforts of the two countries. In this connection I will have a few words about the level of confidence that we place on our estimates of Soviet defense manpower strengths.

--We will then turn to manpower costs. The relative costs of manpower is quite different in the two countries as in labor productivity.

--We have not done much work in the Agency on teeth-to-tail ratios, but I can provide a few general observations on those used by the DIA and the Army.

--Finally, with regard to the relative effectiveness of defense manpower utilization in the US and USSR, this is another area we have not given

sufficient thought to. We have put together a preliminary framework for analysis, however, which might provide a tool for useful discussion.

Manpower Comparisons

--Let me turn first to the manpower dimensions of the two forces. As you know, there is currently underway a joint CIA/DIA effort to improve our estimates of Soviet defense manpower-- those for both uniformed personnel and civilian employees of the Ministry of Defense. This is a long-term effort requiring the mustering of all our intelligence collection systems as well as a considerable amount of analytical resources.

--Our best assessment as of now is shown on this VG #1 viewgraph. The estimate of total Soviet defense manpower amounts to about 5.1 million as compared with a US total of about 3.2 million. Soviet military personnel outnumber the US by 4.4 million men to 2.1 million. The US Department of Defense has more civilian employees than the Soviet Ministry of Defense. I shall have more to say about this later.

--The distribution of the Soviet and US military manpower is shown in this viewgraph. VG #2

---The difference in the organizational structure of the two forces makes it difficult to compare them by branch of service.

--A few words on our level of confidence in these estimates:

---We feel best about the Air Force, Air Defense Forces, and Soviet Rocket Forces estimates. These are relatively easy to identify and we have good organizational data.

---We are less confident on the Ground Forces and Navy. On the Ground Forces we have good information on the NATO Guidelines Area but we have not had the resources, or information, to develop high confidence estimates on those forces in the USSR. Our information on the Navy is better for the sea-going elements than it is for the shore elements.

---The estimate for those elements, directly under the Ministry of Defense suffers from a lack of information and attention.

---We have good estimates on construction and railroad troops. It should be noted that these troops perform functions that are not performed by military personnel in the US.

---The Joint DIA/CIA group conducting the manpower research assigns a range of error of \pm 15 percent to the overall total.

--Our lowest confidence estimate is that for civilian employees of the Ministry of Defense. This is an area in which we do not have much information.

---Frankly, we had expected the number of civilian employees to be much higher considering the relatively low productivity of labor in the USSR. As you can see in this viewgraph, it takes on the average about 2.5 Soviet industrial workers to produce the output of one American worker.

VG # 3

---The lower civilian manpower total for the Ministry of Defense can be explained by two factors.

----First, while both forces
make extensive use of civilians
in the maintenance function,
normally the Soviets operate
their forces less frequently
than we do and thereby--other
things being equal--incur less
maintenance costs.

----Of much more importance,
however, is the fact that
much of the maintenance
function is performed in
the defense industries. In
the US, this maintenance is
done in DoD facilities
manned by civilian workers.

Manpower Costs

--Another dimension of the military manpower question worth examining is the relative costs of manpower in the US and USSR. This viewgraph shows a distribution of defense spending in the two countries in 1974.

VG #4

--In dollar terms, manpower accounted for slightly more than 50 percent of US defense costs and about 60 percent of Soviet costs, reflecting the higher manpower intensiveness of the Soviet Force.

---I should point out that the dollar cost concept behind these figures is that of what it would cost us to reproduce Soviet defense activities in the US using US production technology and prices. This involves costing Soviet manpower at US rates of compensation.

---Another consideration to keep in mind is the asymmetry in the two countries regarding the handling of maintenance in the DoD and MOD.

--In ruble terms, as the Soviet planner would see costs, the share of manpower in total expenditures is only about 30 percent. This

reflects the different price relatives for military manpower and equipment in the US and USSR.

---This is explained only in part by the fact that the Soviets still conscript most of their enlisted men while under the volunteer army US enlisted pay rates are competitive with civilian wages. Soviet officers, on the other hand, receive relatively higher wages than their US counterparts.

---The relatively low manpower costs also result from the fact that the Soviet worker receives a lesser share of his product than does the US worker.

--Before we leave costs, I think it will be useful to discuss one misunderstanding that has been raised in the past in this area. It has sometimes been argued that the Soviet defense planner, because he has such low manpower costs, has much more of his budget to devote to hardware, and therefore is able to procure much more hardware than the US.

---This is true only in rubles. In dollar
cost terms the shares are about the same
in the two countries. In absolute terms,
Soviet investment costs are somewhat
higher than those of the US out of a
larger total.

VG # 5

"Tooth-to-Tail" Ratios

- I would now like to make a few observations on "tooth-to-tail" ratios for Soviet ground forces.
- The only work we have done in this area to date is on the forces in Central Europe.
- Even here our analysis has been concentrated on the combat forces. This stems in part from the fact that these forces have been the focus of most US assessments of Soviet land war capabilities. The combat forces also are more visible and measurable by technical collection means.
- Much of the required knowledge of the "tail" is dependent upon human reporting.
- One thing we have clearly learned by studying Soviet combat-to-support ratios is that comparisons based on the traditional "division-slice" approach can be badly misleading. Comparisons should instead focus on the organization of Soviet combat units in relation to their support requirements.
- The Soviets have chosen to structure their combat forces different from the way the US has constructed its combat forces. Given the different combat structures, it is of

little value to examine support elements in purely quantitative terms. Rather, the critical question involves the extent to which support forces are organized and function to permit the combat forces to fulfill their potential.

--Our past estimates of "teeth-to-tail" ratios have been developed in a rather simplistic manner. One of the most common methods to date has assumed that all personnel in line division and non-divisional combat units are in the "tooth" and that all other personnel are in support of the "tail". From such estimates a combat to support personnel ratio was formulated. Previous analysis has shown this estimated ratio to be about 60 percent combat to 40 percent support in peacetime for Soviet ground forces.

--Our past estimates of Soviet ground forces in peacetime and wartime posture also projected an austere support mechanism vis-a-vis US practices.

---Recent analysis of the East European military forces, however, has indicated

a potentially different "tooth-to-tail" ratio when these forces are fully mobilized onto a wartime footing. The greatest proportion of mobilized personnel and resources go to the support structure.

---Intensive analysis of the wartime Polish front indicates that in addition to the filling out of existing peacetime units, the Poles intend to form numerous other combat and support units during mobilization--again with the greatest proportion going to support. In other words, much of what would be the wartime tail simply is not visible as a discrete force in peacetime, because it does not get formed until full mobilization is implemented.

-- We believe the Soviets plan similar expansion of their ground forces and that more personnel would be mobilized in support roles than in combat thus shifting the combat to support personnel ratios.

The Relative Efficiency of US and Soviet Defense Manpower

--How effectively are the Soviets using their defense manpower? This is a complex question and one to which we, quite frankly, have not devoted sufficient attention.

---That they employ a far more manpower intensive defense establishment than we do is obvious. But they have different missions than we do and a different resource endowment.

---We have already discussed the low labor productivity in the Soviet economy. We have reason to believe that the situation is the same for similar types of industrial activities in the defense industries themselves or in the MOD facilities.

--Perhaps a useful frame of reference for analytical purposes is to examine the asymmetries in the defense manpower systems of the two countries. I have here a list of some of the differences that we have noted along with some cursory remarks on the advantages of the different approaches.

I propose that I stop talking now and
that these handouts might serve as a
useful departure for further discussion.

KEY ASYMMETRIES BETWEEN US AND SOVIET
PERSONNEL SYSTEMS

CHARACTERISTIC	ASYMMETRY	ADVANTAGE TO US	ADVANTAGE TO USSR	UNRESOLVED ISSUE
Manpower Procurement	Soviets use universal military conscription; US has all-volunteer force.	US volunteers serve longer terms, provide more continuity and better technical competence.	Soviets have more control over force size. Larger percent of Soviet male population gets some military experience.	Will higher US personnel costs become unbearable? Is US volunteer system a success?
Experience	About 50% of US enlisted men have over 2 years military experience as compared to about 10% for Soviets.	Greater experience may give US an edge in combat effectiveness. Men have better knowledge of their equipment.	Shorter tour means Soviets have larger experienced manpower reserve.	Does greater US experience for less men offset less Soviet experience for more men?
Pay for Enlisted Grades	US pays volunteer force competitive wages; Soviets pay conscripts only minimal "pocket money."	Better pay attracts professionally motivated men. Good pay helps morale.	Lower Soviet pay allows large manpower procurement at low cost. Supports idea that military service is a citizen's obligation.	Does US system attract better men or simply increase job market for marginal employees? Does it price us out of the arms competition?
Pay for Officers	US officers are paid according to rank; Soviet officers are paid according to rank and position. Soviet officers receive relatively better pay than US officers.	US system is simple to administer.	Soviet system encourages advancement through duty performed as well as rank held. Service in technical and command positions earn higher pay.	Do income differentials effectively motivate career officers?

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CHARACTERISTIC	ASYMMETRY	ADVANTAGE TO US	ADVANTAGE TO USSR	UNRESOLVED ISSUE
Retirement	US personnel can retire at 20 years; basic Soviet retirement is after 25 years of service. In some Soviet military specialties 1 year of service counts as more than 1 year towards retirement.	Attractive US retirement improves officer procurement and retention.	Soviets get more years out of their officers and reduce retirement costs. In specialties where an officer's utility is limited in number of years, Soviets can retire the man instead of reassigning him outside of his specialty.	Does US retirement provide too few advantages for the cost?
Relation to Civilian Economy	US forces operate independently of civilian sector; Soviet forces assist civilian sector in agricultural harvest and construction projects.	US has higher percentage of force in purely military activities.	Soviet military manpower can be directed to support civilian activities. These activities, under title of "Patriotism", provide good public relations.	What is the total extent of Soviet civilian support to the military and of military support to the civilian economy?
Rotation	US officers have shorter tours of duty than Soviet officers. Normal US tour is about 3 years; Soviet officers in GSFG, for example, serve about 5 years.	US officers have a broad range of experience. Turnover increases innovation and provides good background for command personnel.	Soviet officers develop and use a higher level of experience in their jobs. Longer tours of duty reduce transfer and training costs.	Do advantages of short tours outweigh the disadvantages?

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SECRET

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PERSONNEL SYSTEMS

CHARACTERISTIC	ASYMMETRY	ADVANTAGE TO US	ADVANTAGE TO USSR	UNRESOLVED ISSUE
Rank Structure	Prior to 1972 Soviets did not have warrant officer ranks. In 1972 warrant officers were introduced and re-enlisted service abolished. In 1973 re-enlisted grades were re-established.	US rank structure has a smooth progression up the chain of command. System encourages promotion up through the ranks.	Soviets are now in transition to a system very similar to US.	How serious is Soviet problem of personnel retention?

Retired Pay

There are three types of pensions paid by the Ministry of Defense to Soviet military personnel:

- a. longevity
- b. disability
- c. old age

Officers, warrant officers and re-enlisted servicemen may be eligible for any of these; conscripts may receive disability pensions only.

Longevity pensions: After 25 years of service pensions are awarded at a rate of 50 percent of the combined ranks and position pay with an additional 3 percent for each year over 25 years.

Disability pensions: Disability pensions range from 30-75 percent of the combined rank and position pay depending on the cause and extent of the disability and in some cases on the servicemen's length of service.

Old age pensions: Servicemen who do not qualify for longevity or disability pensions are awarded an old-age pension by social security organs, not the MOD. The MOD pays old age pensions only if an individual qualifies

for either a longevity pension or a disability pension but chooses to retire according to regulations for old age retirement.

Reserve Pay

Reservists called up for short tours of duty (up to three months) are paid by their employers at a rate of 75 percent of their regular salary. The Ministry of Defense bears only the costs of feeding, clothing and quartering these personnel.

Reservists called up for longer terms of service are paid according to the same regulations as regular servicemen.